

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 143 - SB 351**

February 16, 2019

**SUMMARY OF BILL:** Increases, from \$7.00 to \$10.00, a filing fee charged by the State Board of Equalization (SBOE) on property tax assessment appeals, and changes how such fee is assessed. Deletes a schedule of fees based on home valuation assessed to persons filing an appeal before the SBOE.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – Exceeds \$4,800**

Assumptions:

- Under current law, Tenn. Code Ann. § 67-5-1501(d) provides:
  - An initial fee of \$7.00 upon filing an appeal on a property tax assessment. Filings are limited to one parcel per filing.
  - Fees are assessed for the appeal hearing, with the level of the fee based upon the valuation of the property. Such fees range between \$15.00 and \$60.00 per appeal.
  - Dependent upon the appeal judgment, half or all of the fees assessed for the appeal hearing are refunded to the appellant.
  - Cases which are settled between the taxing authority and the property owner prior to the hearing date are charged an additional \$10.00 for processing.
  - No hearing costs are assessed against cases which are withdrawn or settled prior to the hearing date.
- The proposed legislation:
  - Increases the initial filing fee to \$10.00.
  - Authorizes multiple parcels on one filing.
  - Deletes all other fees assessed for processing or hearing costs.
- According to the SBOE:
  - The number of appeals filed each year varies based on county reappraisal schedules and not all appeals are settled in the year which they are filed.
  - The SBOE refunds revenues received from hearing costs to property owners based upon their appeal judgment.
  - There were 3,881 appeals filed in 2016, 4,950 appeals filed in 2017, and 8,990 appeals filed in 2018. These appeals were filed on a per parcel basis.

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- Based on information provided by the SBOE:
  - There is an average of 5,940  $[(3,881 + 4,950 + 8,990) / 3]$  parcels for which appeals are filed in any given year.
  - The following revenues were collected from filing fees and hearing costs:
    - FY15-16 - \$37,064
    - FY16-17 - \$24,618
    - FY17-18 - \$41,884
  - There is an average of \$34,522  $[(\$37,064 + \$24,618 + \$41,884) / 3]$  in revenue collected in any given year from appeals.
- Under current law, property owners appealing assessments on many parcels are required to file an appeal for each parcel. Under the proposed legislation, such property owners will only require one filing containing multiple parcels. While a precise number of parcels per filing cannot be determined, it is reasonably estimated that each filing will contain at least two parcels.
- Under the proposed legislation, revenues collected from initial filing fees by the SBOE are estimated to be an amount up to \$29,700  $[(5,940 \text{ average annual parcel appeals} / 2 \text{ minimum parcels per filing}) \times \$10.00 \text{ filing fee}]$  annually.
- The proposed legislation is estimated to result in a recurring decrease in state revenue exceeding \$4,822  $(\$34,522 \text{ current average annual revenue} - \$29,700 \text{ proposed maximum annual revenue})$ .

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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